

## Improving Vendor Relationships in the New Normal

Wow. 2020 has brought changes that no one anticipated. We have seen severe economic downturn, a pandemic that impacted all our lives in unforeseen ways, and social unrest that can no longer be ignored. Business goes on, and the thinking that things will go back to the way they used to be is wrong.

What changes should we consider? At Swingtide, we specialize in helping our clients deal with all aspects of third-party relationships. This includes picking the right vendors, contracting with those vendors in a fair manner that benefits our clients and managing those relationships to obtain and enhance the value expected. We've compiled the following list of things to think about as we embark on the new normal.

### Related to the economics of our changing business environment

1. **Rationalize and clean out your vendor relationships.** Most of us used the shutdown time to clean out our closets. Businesses must do the same with their current obligations and vendor relationships. All our clients need to reduce costs. The best place to start this reduction is to eliminate purchases that were never implemented or are not providing value in the current business environment. This effort starts with understanding all the relationships, assessing value, and developing a strategy to align to the current needs.
2. **Adopt consumption-based pricing.** Swingtide has always advocated consumption-based pricing when negotiating with vendors to mitigate risk of the unknown. Both parties should want the cost to align with the value received for a product or service. This basic principle establishes the strongest foundation for a long-term, healthy relationship. Unfortunately, vendors want guaranteed money and customers haven't pushed hard enough for variability. As offices sit vacant, projects are put on hold, and lines of business are shut down, customers must have protection from the unknown and be positioned to only pay for what they use.
3. **Clean up hidden exposures that sit lurking in contracts.** There is a generation of business professionals who do not remember the impact of high inflation. While many contracts have inflation provisions spelled out, they are largely ignored due to the stability of low inflation in the past 30 years. But times may be changing. Too many negotiated prices are tied to indexes that may fluctuate in times of high inflation. Surprise cost increases may occur and should be remediated as relationships are being reviewed and improved.
4. **Negotiating teams must speak with one voice.** Large-scale negotiations have traditionally been conducted just as they have been portrayed in the movies – a big boardroom where fists get pounded and nobody leaves until the deal is done. In the world of COVID-19, those boardrooms sit empty, and negotiations are conducted in a more fragmented and virtual manner. The new business model requires more deliberate structure and alignment. Big negotiations require a significant amount of prep work to identify issues and get buy-in on acceptable parameters. When vendors close different issues with different team members, the overall deal usually suffers. It is important to establish roles early in the negotiating process and convey those to the vendor to get the best deal most efficiently.

## Related to the pandemic and the way we work:

1. **New requirements from our vendors.** Masks, vaccines, social distancing, remote access, and onsite maintenance protocols, among other things we never thought about, are part of all interactions. If we need a vendor to do something, we must write it down and add it to the contract. This will help to validate their ability to meet expectations and make sure we remain safe and secure.
2. **Supply chain constraints.** The impact on the spread of the pandemic around the world has created unforeseen supply chain issues. Reviewing the supply chain diversity of key vendors and obtaining commitments to avoid single points of exposure must become part of the relevant vendor selections.
3. **Access.** Today, data and processing capacity must be accessed from more locations than anticipated. Homes have become offices. The bandwidth and access considerations are new and must be addressed for continued work. This includes different support requirements (including home networks), better management of security, tighter controls on passwords, and tracking and validating access to certain data, among other things that should be added to requirements.

## Related to diversity and a more equitable society:

1. **Real racial and gender diversity in our vendors.** In previous decades, many companies have had discussions and programs promoting racial and gender diversity, but solutions have often fallen short and reflected only enough change to “check the box.” As a 100% woman-owned company, Swingtide understands ownership and employment are not enough to ensure change and growth. Companies must do more. This begins at selection and continues by helping diverse businesses succeed and grow in meaningful ways.
2. **Hiring based on potential, not experience.** It is imperative to look at what we are doing to further equality and opportunity. Businesses bear the responsibility to seek candidates who are out there ready to contribute and cannot overlook those who haven’t been given an opportunity to gain experience or build a professional network.
3. **Provide education and mentorship.** In 2019 we created Swingtide University with the mission to help provide training to our people, our clients, and the community. It is our long-term goal to provide education and mentorship to individuals in our community who are not experienced in negotiating and developing relationships so they can gain confidence and improve their day-to-day lives. These may be the stars of the future, if given the chance.

## About Swingtide

Swingtide helps clients with technology business issues. Swingtide’s financial, sourcing, and technical consultants address challenges from options analysis to RFP development, negotiation, mid-deal corrections, disputes, bill audits, and terminations. Swingtide helps with the complete life cycle of vendor relationships (CVLM) and the processes you need to successfully manage these relationships. Swingtide also helps with IT finance functions such as service catalogs and chargeback, complex business cases, and benefit realization. Swingtide offers large and small project support, staff augmentation, and business process outsourcing of CVLM and IT finance functions.